



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Ordinance No. 1701 Entitled, "An Ordinance Of The Lodi City Council Amending Chapter 13.20 Electrical Service, Article III. Rates By Adding Section 13.20.175 – Schedule MCA – Market Cost Adjustment"

**MEETING DATE:** May 2, 2001

**PREPARED BY:** City Clerk

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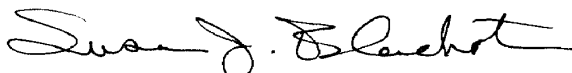
**RECOMMENDED ACTION:** Following reading by title, it would be appropriate for the City Council to adopt Ordinance No. 1701.

**BACKGROUND INFORMATION:** Ordinance No. 1701 entitled, "An Ordinance Of The Lodi City Council Amending Chapter 13.20 Electrical Service, Article III. Rates By Adding Section 13.20.175 – Schedule MCA – Market Cost Adjustment" was introduced at the regular City Council meeting of April 18, 2001.

Pursuant to State statute, ordinances may be adopted five days after their introductions following reading by title.

This Ordinance has been approved as to form by the City Attorney.

**FUNDING:** None required.

  
Susan J. Blackston  
City Clerk

Attachment

**APPROVED:** \_\_\_\_\_  
H. Dixon Flynn -- City Manager

**ORDINANCE NO. 1701**

**AN ORDINANCE OF THE LODI CITY COUNCIL AMENDING  
CHAPTER 13.20 ELECTRICAL SERVICE, ARTICLE III. RATES  
BY ADDING SECTION 13.20.175 – SCHEDULE MCA – MARKET  
COST ADJUSTMENT**

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**BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:**

**SECTION 1.** Lodi Municipal Code Chapter 13.20 - Electrical Service, Article III. Rates, is hereby amended by adding Section 13.20.175 – Schedule MCA – Market Cost Adjustment as follows:

**SCHEDULE MCA – MARKET COST ADJUSTMENT**

**APPLICABILITY:**

When in effect, this schedule is applicable to all areas served by the City and to all kilowatt-hours billed under all rate schedules as defined under the special conditions of the rate schedules labeled Purchased Power Adjustment.

**PURPOSE:**

Generally, power supply costs will be recovered through application of the base rates. In the event that substantial changes in projected power supply costs occur, either increases or decreases, the Market Cost Adjustment Billing Factor will be activated to provide for increases or decreases in the City's charges for electric service. The Electric Utility Director shall develop and recommend a MCA Billing Factor to be effective on a specified date for the approval of the City Council.

**APPLICATION OF MARKET COST ADJUSTMENT:**

When applicable, the Market Cost Adjustment Billing Factor (MCABF) for a particular rate schedule as designated in the attached MCABF table, in cents per kWh, shall be applied to kilowatt-hours sold on and after the effective date, and continuing thereafter until the next base rate change or until a revision to the Market Cost Adjustment Billing Factor becomes effective. The dollar amount to be added to or subtracted from each bill due to the Market Cost Adjustment shall be obtained by multiplying the number of kilowatt-hours for which the bill is rendered by the applicable Market Cost Adjustment Billing Factor.

**CALCULATION OF THE POWER COST ADJUSTMENT BILLING FACTOR:**

1. When the Electric Utility Director deems that substantial changes in power supply costs have occurred relative to the costs included in base rates, the Market Cost Adjustment Billing Factor shall be activated following the approval of the City Council.
2. The Billing Factor shall remain in effect until the next base rate change or until a revision to the Billing Factor is necessary.
3. While the Billing Factor is activated, a Market Cost Adjustment account shall be maintained. Entries into this account shall be:
  - a. The balance from the previous month;
  - b. The increase or decrease in charges for electric service billed using the applicable Billing Factor; and
  - c. Any interest accruing to the account.

4. The MCA Billing Factor shall be designed by giving consideration to the following factors:
  - a. Rate stability is desirable and frequent changes in the MCA Billing Factor are undesirable.
  - b. The financial integrity of the Electric Utility Department shall be maintained by applying a MCA Billing Factor, when necessary, to ensure that the Electric Utility Department does not overcollect or undercollect the revenue required for sound financial operation.
5. The Electric Utility Department shall furnish to the City Council a notice of any proposed activation or change in the MCA Billing Factor. Any activation or change in the MCA Billing Factor requires approval by the City Council.
6. The Electric Utility Department generally shall make the MCA Billing Factors effective as of the first day of the appropriate month. Adjustments to the MCA shall be no more frequent than quarterly and no less than semi-annually.

<b>MARKET COST ADJUSTMENT BILLING FACTOR</b>		
The Market Cost Adjustment Billing Factor by designated rate schedule, in cents per kilowatt-hour, shall be shown in this Section. Certain classes may have a tiered MCABF by level of monthly consumption.		
<b>Class</b>	<b>Cents per kWh</b>	<b>Date Effective</b>
EA, EE under 300 kWh	1.250	June 1, 2001
EA, EE 301 to 600 kWh	1.900	June 1, 2001
EA, EE above 600 kWh	3.000	June 1, 2001
ED, EF	0.000	June 1, 2001
EM	0.000	June 1, 2001
EL	0.000	June 1, 2001
G1	2.000	June 1, 2001
G2	2.000	June 1, 2001
G3	0.000	June 1, 2001
G4	0.000	June 1, 2001
G5	0.000	June 1, 2001
I1	0.000	June 1, 2001

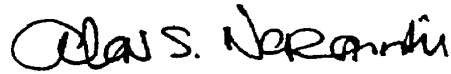
**Section 2. - No Mandatory Duty of Care.** This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

**Section 3. - Severability.** If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

**SECTION 4.** All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

**SECTION 5.** This Schedule MCA – Market Cost Adjustment shall be effective on applicable electric utility billings prepared by the City of Lodi on or after June 1, 2001.

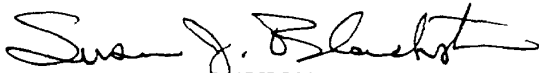
Approved this 2<sup>nd</sup> day of May, 2001



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ALAN S. NAKANISHI  
MAYOR

ATTEST:



SUSAN J. BLACKSTON  
City Clerk

State of California  
County of San Joaquin, ss.

I, Susan J. Blackston, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1701 was introduced at a regular meeting of the City Council of the City of Lodi held April 18, 2001 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held May 2, 2001 by the following vote:

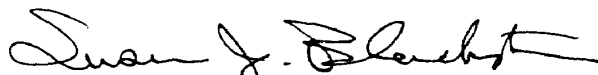
AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land and Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – Pennino

I further certify that Ordinance No. 1701 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.



SUSAN J. BLACKSTON  
City Clerk

Approved to Form:



RANDALL A. HAYS  
City Attorney